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November 16, 2000

Surface Transportation Board
Office of the Secretary
Case Control Unit
Attn: STB Ex Parte No. 582 (Sub-No. 1)
1925 K Street, N.W.
Washington, DC 20423-0001

Dear Commissioners:

As CEO of Twin Modal, Inc., an Intermodal Marketing Company (IMC) headquartered in Roseville, MN, I respectfully submit the following comments to the Surface Transportation Board (STB) in response to the Notice of Proposed Rulemaking (NPR) dated October 3, 2000.

We commend the STB for recognizing the need to update rail merger rules in view the tremendous consolidation that has already taken place in the rail industry and the very real scenario of just two class 1 carriers left to serve our country if further mergers are allowed.

The NPR calls for enhanced competition as a standard for any future rail merger but it lacks any specificity on how this is to be accomplished. As railroads grow larger, small to medium sized shippers and IMC's become increasingly less important. If our nation is to have a healthy, competitive, safe rail system, the STB must specify standards and safeguards to be met as a condition for merger approval.

**REQUIRE APPLICANTS TO DEMONSTRATE HOW RAIL-TO-RAIL
COMPETITION WILL BE PRESERVED OR ENHANCED FOR ALL SHIPPERS.**

Rail mergers to date have left small shippers and IMC's to deal with increasingly discriminatory practices by the resulting railroads. The surviving larger railroads have unilaterally raised IMC volume requirements, increased penalties for volume shortfall and imposed bonding requirements. As a result, many IMC's have lost their rail contract.

ARBITRATION

Under the current rules, small shippers cannot feasibly bring an appeal in front of the STB when suffering an abuse or discriminatory practice by a railroad. The current process can take years and cost hundreds of thousands of dollars (if not millions) which is simply beyond the reach of all but the largest shippers. Small shippers and IMC's should be allowed to bring issues relating to contracts, rates, service or equipment issues to an unbiased third party for binding arbitration. Furthermore, such arbitration should be required to be concluded within 120 days of filing with the arbitrator. This would provide a fair and reasonable forum for resolving disputes.



HOLD APPLICANTS ACCOUNTABLE

Railroads in previous mergers have made many promises during merger applications which have failed to materialize. These promises, in many cases were critical in winning the support of shippers. We urge the STB to consider imposition of punitive penalties on railroads who fail to deliver on material promises made during the merger application process. During the debate over the split-up of Conrail, both CSX and Norfolk Southern claimed they would expand service to take one million trucks off the road. To do this, they claimed they would expand their service network and capture short haul traffic. Today, they have reduced, not expanded, their networks and service levels have declined significantly. This declining service is detrimental to the health of small shippers dependent upon the railroad for supplying their raw materials and distribution of their finished products.

INJUNCTIVE RELIEF

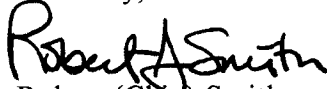
As railroads become larger they impose policies and procedures which discriminate against small to medium sized shipper. Many of these changes can quickly have detrimental effects on the health of a small shipper of IMC. The industry needs a prompt and affordable means to put a hold on any such policy or procedure change until the full impact can be reviewed.

In summary, we believe the NPR is a positive move toward improving rail merger rules. What is lacking are the specific details on how future rail mergers will provide rail-to-rail competition and how small shippers and IMC's will be protected from railroad abuses.

Thank you for the opportunity to offer our comments on this issue.

I declare under penalty of perjury that the forgoing is true and correct. Executed on this 17th day of November, 2000.

Sincerely,



Robert (Chip) Smith
President/CEO

November 17, 2000

Office of the Secretary
Case Control Unit
Attn: STB Ex Parte No. 582 (Sub-No 1)
Surface Transportation Board
1925 K. Street, N.W.
Washington, D.C. 20423-0001



Dear Secretary Williams:

Enclosed for filing in STB Ex Parte No. 582 (Sub-No. 1) is the original and twenty five copies of the comments of Twin Modal, Inc. Also enclosed is diskette containing the comments which may be converted to WordPerfect 7.0. I also certify that copies of Twin Modal's comments have been sent to all parties of record in this proceeding.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert (Chip) Smith".

Robert (Chip) Smith
President/CEO